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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

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Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended March 31, 1992

SEC 92-226

Commission file number 0-19674

SYQUEST TECHNOLOGY, INC.

(Registrant)

DELAWARE	94-2793941
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

47071 Bayside Parkway
Fremont, California 94538
Telephone: (510) 226-4000
(Registrant's principal executiv offices and telephone number,

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 Days.

Yes X No ____

As of March 31, 1992, 10,579,896 shares of the Registrant's common stock, $0.001 par value, were issued and outstanding.

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SYQUEST TECHNOLOGY, INC.

CONSOLIDATED CONDENSED INCOME STATEMENTS

(In thousands, except per share data)

(Unaudited)

	Three months ended March 31,		Six months ended March 31,	
	1992	1991	1992	1991
Net revenues	$42,907	$24,737	$82,266	$48,884
Cost of revenues	28,059	18,117	55,090	34,831
Gross Profit	14,848	6,620	27,176	14,053
Operating Expenses:				
Selling, general and administrative	6,523	3,632	12,302	7,091
Research and development	3,738	2,885	7,475	5,293
Total operating expenses	10,261	6,517	19,777	12,384
Income from operations	4,587	103	7,399	1,669
Interest income, net	378	153	568	316
Other income	70	48	77	120
Income before income taxes and extraordinary credit	5,035	304	8,044	2,105
Provision for income taxes	1,410	181	2,432	1,247
Income before extraordinary credit	3,625	123	5,612	858
Extraordinary credit resulting from utilization of net operating loss carryforward	-	108	300	920
Net income	$3,625	$231	$5,912	$1,778
Income per share:				
Income before extraordinary credit	$0.30	$0.01	$0.51	$0.09
Extraordinary credit	0.00	0.01	0.03	0.10
Net income	$0.30	$0.02	$0.54	$0.19
Common and common equivalent shares used in computing per share amounts	12,003	9,562	10,880	9,559

See notes to consolidated condensed financial statements

SYQUEST TECHNOLOGY, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands)

	March 31, 1992 (Unaudited)	September 30, 1991 (Note)
Assets		
Current assets:		
Cash and cash equivalents	$35,971	$14,799
Short-term investments	511	-
Accounts receivable	15,546	14,832
Inventories	11,333	7,811
Prepaid expenses and deposits	591	551
Deferred income taxes	931	464
Total current assets	64,883	38,457
Equipment and leasehold improvements	29,018	23,885
Less: Accumulated depreciation	(10,991)	(9,904)
Net property and equipment	18,027	13,981
Other assets	377	246
	$83,287	$52,684
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$18,451	$14,523
Accrued income taxes payable	809	674
Accrued expenses and other liabilities	7,097	6,755
Total current liabilities	26,357	21,952
Deferred rent	228	204
Stockholders' equity:		
Preferred stock	-	27,610
Common stock	11	8,791
Additional paid in capital	56,652	-
Retained earnings (deficit)	39	(5,873)
Total stockholders' equity	56,702	30,528
	$83,287	$52,684

Note: The consolidated condensed balance sheet at September 30, 1991 has been derived from the audited consolidated financial statements at that date.

See notes to consolidated condensed financial statements

SYQUEST TECHNOLOGY, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six months ended March 31,	
	1992	1991
Operating Activities:		
Net income	$5,912	$1,778
Charges to operations not affecting cash	1,728	2,020
Net changes in certain current assets and current liabilities	(25)	(2,171)
Net cash provided by operating activities	7,615	1,627
Investing activities:		
Purchase of equipment and leasehold improvements	(5,830)	(4,799)
Short-term investments	(511)	-
Other	(131)	10
Net cash used in investing activities	(6,472)	(4,789)
Financing activites:		
Proceeds from issuance of common stock, net of issuance costs	20,029	133
Net cash provided by financing activities	20,029	133
Net increase (decrease) in cash and cash equivalents	21,172	(3,029)
Cash and cash equivalents at beginning of the period	14,799	13,575
Cash and cash equivalents at end of the period	$35,971	$10,546

See notes to consolidated condensed financial statements

SYQUEST TECHNOLOGY, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
MARCH 31, 1992

NOTE: 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included.

Operating results for the three month and six month periods ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending September 30, 1992.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Registration Statements on Form S-1 filed with the Securities and Exchange Commission in October 1991 and April 1992 and as amended thereafter.

NOTE: 2 - INVENTORIES

Inventories comprised the following:

	March 31, 1992	September 30, 1991
	(In thousands)	
Raw materials and component parts	$5,013	$3,282
Work in process	3,686	2,596
Finished Goods	2,634	1,933
	$11,333	$7,811

NOTE: 3 - INCOME PER SHARE

Income per share for the three month and six month periods ended March 31, 1992 is based on the weighted average number of shares of common stock outstanding, common equivalent shares from convertible preferred stock (using the as-if-converted method) and dilutive common equivalent shares from stock options (using the treasury stock method).

Income per share for the three month and six month periods ended March 31, 1991 is based on the weighted average number of shares of common stock outstanding, common equivalent shares from convertible preferred stock (using the as-if-converted method) and dilutive common equivalent shares from stock options and warrants (using the treasury stock method). Pursuant to Securities and Exchange Commission Staff Accounting Bulletins, common and common equivalent shares issued during the twelve month period prior to the Company's initial public offering have been included in the calculation as if they were outstanding for all periods prior to September 30, 1991, which includes the three and six-month periods ending March 31, 1991 (using the treasury stock method for the options and warrants at the public offering price).

NOTE: 4 - LINE OF CREDIT

During January 1992, the Company increased its borrowing capacity by entering into a new line of credit agreement with two banks which will expire in June 1993. Borrowings under the line of credit agreement bear interest at the prime rate plus one quarter of one percent and are limited to the lesser of $20,000,000 or the eligible portion of the Company's accounts receivable balance. The line of credit agreement requires the Company to meet certain financial covenants and includes limitations on additional borrowings and payment of dividends. There were no borrowings outstanding under the line of credit agreement in effect as of March 31, 1992, and $10 million was available for borrowing under the line of credit at March 31, 1992.

NOTE: 5 - INCOME TAXES

Income taxes for the three month and six month periods ended March 31, 1992 have been provided for at an estimated provisional tax rate of 28% and 30% respectively, a decrease from the provisional rate of 60% and 59% in the comparable periods in fiscal 1991. The high provisonal tax rate in fiscal 1991 was due primarily to tax laws that do not allow the recognition of a federal benefit for operating losses sustained by the Singapore operations. The Company expects to benefit in fiscal 1992 from the utilization of federal tax credit carryforward and the permanent reinvestment offshore of a portion of the anticipated tax holiday earnings of the Company's Singapore operations.

The net effective tax rate (as adjusted for utilization of the federal net operating loss carryforward) for the three month and six month periods ended March 31, 1992 increased to 28% and 27%, respectively, from 24% and 16% in the comparable periods in fiscal 1991, because the Company's remaining federal net operating loss carryforward as of September 30, 1991 was fully utilized in the first quarter of fiscal 1992.

The Company is required to adopt Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes" no later than the first quarter of fiscal 1994. Early adoption has not been elected by the Company. The Company has not decided whether it will implement FAS 109 through a cumulative effect adjustment or restate prior periods. However, the eventual adoption of FAS 109 is not expected to have a material impact on the Company's financial position. The Company currently accounts for income taxes under Accounting Principles Board Opinion No. 11.

NOTE: 6 - STOCKHOLDERS' EQUITY

Shares authorized and outstanding are as follows:

	Shares Outstanding	
	March 31, 1992	September 30, 1991
Preferred Stock $.001 par value, 20,000,000 shares authorized as of September 30, 1991 and 4,000,000 shares authorized as of March 31, 1992	-	12,010,893
Common Stock $0.001 par value, 80,000,000 shares authorized as of September 30, 1991 and 20,000,000 shares authorized as of March 31, 1992	10,579,896	5,544,226

In October and November 1991, the Board of Directors and the stockholders authorized a 1-for-5 reverse split of the Company's common stock. Preferred stock is convertible into common stock on a five for one basis. The common shares presented above have been adjusted to give effect to the 1-for-5 reverse stock split.

In December 1991, the Company raised net proceeds of $19.3 million from the sale of 2,075,000 shares of common stock in an initial public offering. All shares of preferred stock were converted into common stock in December 1991.

NOTE: 7 - 1992 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

The Company's 1992 Non-Employee Director Stock Option Plan (the "Director Plan") was adopted by the Board of Directors in February 1992 and approved by the Company's stockholders on April 14, 1992.

The Director Plan is administered by the Board of Directors. Options under the Plan may be granted only to directors who are not employees of the Company or its subsidiaries ("Outside Directors"). All grants of options under the Director Plan are automatic and nondiscretionary.

The exercise price of options granted under the Director Plan is 100% of the fair market value on the date of grant, and options vest one year after grant. A total of 150,000 shares of the Company's common stock have been reserved for issuance under the Plan. As of March 31, 1992, no options have been issued under the Director Plan.

NOTE: 8 - 1992 EMPLOYEE STOCK PURCHASE PLAN

The Company's 1992 Employee Stock Purchase Plan (the "Purchase Plan") was adopted by the Board of Directors in February 1992 and approved by the Company's stockholders on April 14, 1992. The Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Service Code of 1986, as amended.

The Purchase Plan is implemented by a single offering for each six month period commencing on approximately January 1 and July 1 of each year. The Purchase Plan is administered by the Board of Directors or a committee appointed by the Board. The Purchase Plan permits eligible employees to purchase common stock through payroll deductions, which may not exceed 15% of an employee's compensation, at a price equal to 85% of the lower of the fair market value of the common stock as of the first day or as of the last day of each offering period. A total of 500,000 shares of common stock were reserved for issuance under the Purchase Plan. As of March 31, 1992, no common stock had been issued under the Purchase Plan.

Results of Operations:

Net revenues for the quarter ended March 31, 1992 were $42.9 million, 73% higher than the $24.7 million reported in the comparable year-ago quarter. Net revenues for the first six months of fiscal 1992 were $82.3 million, a 68% increase from the $48.9 million reported in the first six months of fiscal 1991. Net revenues increased over the comparable year ago quarter as a result of higher sales volumes; though unit shipments of the 44 megabyte SQ555 were relatively flat, SQ400 cartridge shipments increased 56% over the comparable year-ago quarter. The 88 megabyte SQ5110 drive and related SQ800 cartridge introduced in the second quarter of fiscal 1991 generated $11.9 million of revenue in the second quarter of 1992 compared to $416,000 in the second quarter of 1991. In addition, SyDOS, the DOS systems division formed in the fourth quarter of fiscal 1991, generated incremental net revenue of $3.1 million in the current quarter as compared to the comparable year-ago quarter. For the six month period ended March 31, 1992, net revenue increase resulted from a 13% increase in 44 megabyte SQ555 units shipped over the comparable period in fiscal 1991, while the associated SQ400 cartridge unit shipments increased by 48% over the comparable period in fiscal 1991. SQ5110 drive and associated SQ800 cartridge net revenues were approximately $20.0 million in the six month period ended March 31, 1992 compared to $417,000 for the comparable period in fiscal 1991. SyDOS contributed approximately $5.4 million to net revenues in the six month period ended March 31, 1992.

In order to meet sales demand the Company increased its manufacturing capacity in Singapore by leasing additional manufacturing space for both drive and cartridge production. During the quarter ended March 31, 1992 the Company began the transfer of its cartridge production operations from the U.S. to Singapore. The Company expects to complete the transfer of volume production of SQ400 and SQ800 cartridges to Singapore by the end of calendar 1992.

Cartridge revenues as a percentage of net revenues were 54% for the three month period ended March 31, 1992 compared to 49% for the comparable year-ago period. For the six month period ended March 31, 1992, cartridge revenues as a percentage of net revenues were 53% compared to 49% in the comparable year-ago period.

Gross profit was $14.9 million for the quarter ended March 31, 1992 versus $6.6 million in the comparable year-ago quarter, a 126% increase. For the six months ended March 31, 1992, gross profit totalled $27.2 million, a 93% increase over the $14.1 million reported for the comparable six month period in fiscal 1991. Gross margin was 35% for the quarter ended March 31, 1992 compared to 27% in the year-ago quarter. Gross margin improved to 33% for the six month period ended March 31, 1992 compared to 29% for the same six month period in fiscal 1991. The improvement in gross margin reflected an increase in the portion of net revenues derived from the sales of the Company's cartridges, which have a higher margin, introduction and increased sales of SQ5110 drive and SQ800 cartridge which also have higher margins, reductions in manufacturing costs associated with improvements in capacity utilization and reductions of component material costs.

Research and development expenses were $3.7 million for the quarter ended March 31, 1992, an increase of $853,000 or 30% when compared to the same quarter last year. These expenses represented 8.7% of net revenues for the quarter ended March 31, 1992, compared with 11.7% in the comparable year-ago quarter. For the six month period ended March 31, 1992, research and development expenses amounted to $7.5 million or 9.1% of net revenues compared to $5.3 million or 10.8% of net revenues for the comparable six month year-ago period. For the quarter and the six month period, the increase in research and development expenses is attributable primarily to 2 1/2" and 3 1/2" form factor drive and cartridge development.

Selling, general, and administrative expenses for the quarter ended March 31, 1992 totalled $6.5 million, an increase of $2.9 million or 80% over the prior year-ago quarter. As a percentage of net revenues, selling, general and administrative expneses were 15.2% for the quarter ended March 31, 1992 and 14.7% for the quarter ended March 31, 1991. For the six months ended March 31, 1992, selling, general and administrative expenses were $12.3 million or 15.0% of net revenues versus $7.1 million and 14.5% of net revenues in the comparable year-ago period. Primary contributors to this increase were an increase in staffing and promotional activities to focus on distributor sales, the addition of management and other employees to support growth experienced during these periods, the creation of SyDOS, and increased advertising expenses to promote brand recognition.

Interest income for the quarter ended March 31, 1992, amounted to $378,000 compared to $153,000 in the comparable year-ago quarter. In the six month period ended March 31, 1992 interest income was $568,000 versus $316,000 for the comparable six month period last year. The increase in interest income is a result of the Company's higher average cash balances during both the three and six month periods in fiscal 1992, offset in part by lower prevailing interest rates. The Company raised $19.3 million net of issuance costs in its initial public offering in December

Income taxes for the three month and six month periods ended March 31, 1992 have been provided for at estimated provisional tax rates of 28% and 30% respectively, a decrease from the provisional tax rates of 60% and 59% in the comparable periods in fiscal 1991. The high provisional tax rates in fiscal 1991 were due primarily to tax laws that do not allow the recognition of a federal benefit for operating losses sustained by the Singapore operations. The Company expects to benefit in fiscal 1992 from utilization of federal tax credit carryforwards and the permanent reinvestment offshore of a portion of the anticipated tax holiday earnings of the Company's Singapore operations. The net effective tax rates (as adjusted for utilization of the federal net operating loss carryforward) for the three month and six month periods ended March 31, 1992 increased to 28% and 27%, respectively, from 24% and 16% in the comparable periods in fiscal 1991, because the Company's remaining federal net operating loss carryforward as of September 30, 1991 was fully utilized in the first quarter of fiscal 1992.

The Company is required to adopt Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes" no later than the first quarter of fiscal 1994. Early adoption has not been elected by the Company. The Company has not decided whether it will implement FAS 109 through a cumulative effect adjustment or restate prior periods. However, the eventual adoption of FAS 109 is not expected to have a material impact on the Company's financial position. The Company currently accounts for income taxes under Accounting Principles Board Opinion No. 11.

Liquidity and Capital Resources:

SyQuest was financed originally through private placements of equity securities. From January 1986 until December 1991, the Company's growth was financed primarily through internally generated funds. In December 1991, the Company completed an initial public offering raising $19.3 million net of issuance costs. The Company also raised $700,000 from the exercise of outstanding stock options during the six month period ended March 31, 1992.

In April 1992, the Company filed a Registration Statement on Form S-1 with the Securities and Exchange Commission to effect a second public offering of its common stock. The Company registered 2,012,500 shares of common stock for sale of which 450,000 shares will be new shares offered by the Company and 1,562,500 shares of the offering will come from existing shareholders (262,500 shares of which are subject to an over allotment option which may be exercised by the Company's underwriters). Proceeds to the Company, net of issuance costs, are estimated at $8.8 million. There are no assurances this offering will be completed or that the estimated net proceeds to the Company will be received.

At March 31, 1992, the Company had cash and cash equivalents of $36.0 million and working capital of $38.5 million. During the six month period ended March 31, 1992 , cash and cash equivalents increased by $21.1 million. The Company during the six month period ended March 31, 1992 generated $7.6 million of cash from operations. The Company used $5.8 million for the purchase of equipment and leasehold improvements principally related to the Company's expansion of its manufacturing facilities in Singapore and advanced manufacturing equipment for the SyCo and Iota Memories products in development.

The Company has a line of credit with two banks under which up to $20 million may be borrowed based on percentages of eligible accounts receivable. The line of credit agreement requires the Company to meet certain financial covenants and includes limitations on additional borrowings and payment of dividends. As of March 31, 1992 there were no borrowings outstanding under this facility, which expires in June 1993.

The Company expects to spend approximately $8.4 million on capital expenditures and leasehold improvements through the end of fiscal 1992, funded through a combination of the Company's existing cash balances, any cash flow from operations, proceeds from its second public offering of common stock discussed above, credit facilities and other forms of financing. In addition, although no such transactions are being negotiated, the Company may also make investments in or acquire other businesses or technologies.

PART II. OTHER INFORMATION

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The information concerning the approval of the adoption of the Company's 1992 Non-Employee Director Stock Option Plan and 1992 Employee Stock Purchase Plan by the Company's stockholders at the annual meeting of stockholders held on April 14, 1992, set forth in Note 7 and Note 8 to the Consolidated Condensed Financial Statements contained in Part I is hereby incorporated by reference. 6,549,236 shares of the Company's issued and outstanding common stock voted for the 1992 Employee Stock Purchase Plan, and 218,782 shares of common stock voted against it. 6,290,941 shares of the Company's issued and outstanding common stock voted for the 1992 Non-Employee Director Stock Option Plan, and 427,461 shares of common stock voted against it.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibit 11.1 Computation of Earnings Per Share

b) Reports on Form 8-K

None filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYQUEST TECHNOLOGY, INC.

(Registrant)

DATE: _____ BY: _____

Michael J. Perez
Vice President and
Chief Financial Officer

DATE: _____ BY: _____

Syed H. Iftikar
President and
Chief Executive Officer

EXHIBIT INDEX

EXHIBIT	Sequentially Numbered Page
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SYQUEST TECHNOLOGY, INC. **EXHIBIT 11.1**

COMPUTATION OF EARNINGS PER SHARE

(In thousands, except per share data)

	Three months ended March 31, (1)		Six months ended March 31, (1)	
	1992	1991	1992	1991
Income before extraordinary credit	$3,625	$123	$5,612	$858
Extraordinary credit	0	108	300	920
Net income	$3,625	$231	$5,912	$1,778
Common and common equivalent shares outstanding:				
Common stock	10,469	5,436	8,166	5,421
Convertible preferred stock	-	2,403	1,201	2,402
Anti-dilution of preferred stock	-	300	150	301
Options	1,534	1,211	1,363	1,217
Warrants	-	-	-	6
Common and common equivalent shares related to stock and option issuances in accordance with SAB No. 55,64 and 83 for the period ended October 1, 1990 through September 30, 1991	-	212	-	212
Common and common equivalent shares used in computing per share amounts	12,003	9,562	10,880	9,559
Income per share before extraordinary credit	$0.30	$0.01	$0.51	$0.09
Extraordinary credit per share	0.00	0.01	0.03	0.10
Net income per share	$0.30	$0.02	$0.54	$0.19

(1) Primary and fully diluted income per share are the same for the three and six month periods ended March 31, 1992 and March 31, 1991.